2. I am to request that the concurrence of Rajya Sabha in the said motion, and also the names of the members of Rajya Sabha so nominated, may be communicated to this House."

III

"I am directed to inform you that Lok Sabha, at its sitting held on Tuesday, the 14th March, 1995 adopted the following motion:—

'That this House do recommend to Rajya Sabha that Rajya Sabha do agree to nominate ten members from Rajya Sabha to associate with the Committee on the Welfare of Scheduled Castes and Scheduled Tribes of the House for the term beginning on the 1st May, 1995 and ending on the 30th April, 1996 and do communicate to this House the names of the members so nominated by Rajya Sabha.'

2. I am to request that the Concurrence of Rajya Sabha in the said motion, and also the names of the members of Rajya Sabha so nominated, may be communicated to this House."

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Now, the Statutory Resolution and the Industrial Development Bank of India (Amendment) Bill, 1994. We will take up the Statutory Resolution first. Shri Ram Jethmalani... Not here. Shri Balanandan. ...Not here. Shri Ramachandran Pillai. ...Not here. Shrimati Chandra Kala Pandey.

Statutory Resodution seeking disapproval of the Industrial Development Bank of India (Amendment) Ordinance, 1996

The Industrial Development bank of India (Amendment) Bill, 1994

श्रीमती चन्द्रकन्ता पाण्डेय : (पिश्चिमी बंगाल) : माननीय उपसभाध्यक्ष महोदय, मैं यह संकल्प उपस्थित करती हूं :—

यह सभा राष्ट्रपति द्वारा 13 जनवरी 1995 को प्रख्यापित भारतीय औद्योगिक विकास बैंक (संशोधन) अध्यादेश, 1995 का संख्यांक 2) का निरनुमोदन करती है।

महोदय, मैं यह कहना चाहती हूं कि यह अध्यादेश एक मनमानी है, जिसका हम सिद्धांततः विरोध करते है। हमें संसद में बाकायदा इस तरह के बिलों का पर बहस करनी चाहिये किन्तु लगातार देखा जा रहा है कि किस तरह सरकार संसद की गरिमा को न मानते हुए, इसे दरकिनार करते हुए अध्यादेश ले आये है। अध्यादेशों के सहारे सरकार नहीं चलती है। मै इस सलसिले में यह कहना चाहूंगी कि हम सिद्धांतत: इस अध्यादेश का विरोध करते है।

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): Sir, I beg to move:

"That the Bill further to amend the Industrial Development Bank of India Act, 1964, as passed by the Lok Sabha, be taken into consideration."

Sir, IDBI is the principal financial institutions established for assisting the development of institutions engaged in promoting, financing or developing industry and for providing changes in the financial sector have necessitated IDBI to be competitive in its resource mobilisation. With the resources support from the Government rapidly declining, in order to maintain a tempo in the IDBI's operation it has become necessary for the IDBI to augment its share capitably periodically which can be done only be permitting it to raise additional equity from the capital market. It is also necessary to give it IDBI greater functional autonomy and operational flexibility.

Sir, the proposed amendments of the IDBI Act allow for restructuring the IDBI by permitting it to raise resources from the capital market throught the issue of equity share capital, with Government maintaining a minimum of 51 per cent shareholding in IDBI. Keeping in view the dominant role of the IDBI as the principal financial institution, it is necessary that Government should continue to maintain control.

Amendments for providing IDBI greater functional autonomy and operational flexibility are also proposed.

As Parliament was not in session, the President promulgated the Industrial Development Bank of India (Amendment) Ordinance, 1994 on October, 1994. A Bill replacing the Ordinance was introduced in the Lok Sabha on 9th December, 1994, which was passed on 19th December, 1994. Pursuant to the Ordinance promulgated on 12th Ooctober, 1994, the IDBI had taken preliminary steps for accessing the capital market through issue of equity shares. A notification for converting Rs. 253 crores out of the IDBI's issued capital of Rs. 753 crores into redeemable preference shares has also been issued. The Board of Directors of the IDBI has also been reconstituted.

In terms of provisions contained in Article 123(2)(a) of the Constitution of India, an ordinance promulgated by the President shall cease to operate at the expiration of six weeks from the re-assembly of Parliament. It has become necessary to provide continued effect to the amendments contained in the Industrial Development Bank of India (Amendment) Ordinance, 1994 (II of 1994) promulgated on 12th October, 1994 and ensure that the restructuring of the share capital of the IDBI continues to be valid.

As the Parliament was not in session, the President promulgated the Industrial Development Bank of India (Amendment) Ordinance, 1995 (2 of 1995) on 13th January, 1995. This Bill seeks to replace the above Ordinance.

Sir, I submit this Bill be taken into consideration.

The question were proposed.

THE VICE-CHAIRMAN SHRI V. NARAYANASAMY): Now we take up the Statutory Resolution and the Bill together.

SHRI T. N. Chaturvedi.

SHRI TRILOKI NATH CHATURVEDI (Uttar Pradesh): Thank you, Mr. Vice-Chairman, Sir. I rise to oppose the Industrial Development Bank of India (Amendment) Bill.

The Minister has just given the reasons why it became necessary to promulgate the Ordinance first and subsequently to bring the Bill to convert that Ordinance to give it the necessary legislative sanction. It is strange to hear from the Minister the two phrases, "functional autonomy" and "operational flexibility." These were the words which were uttered by the then Finance Minister when this Act was enacted in the year 1964. It is also strange to hear the Minister saying and repeating again and again that Parliament was not in session. As an hon. Member has already mentioned, this is hardly the way to come to Parliament for seeking its support. An ordinance, as it is well known, is an extraordinary instrument to meet an extraordinary situation. Unfortunately, whether it is a question of expanding the equity base because the IDBI was handicapped due to the developmental functions of the SFCs or the increasing Industrial needs of the Bank or whatever be other reasons, or because the Government had

refused to support it from its budgetary allocation, this was not something which was an unforeseen situation, this was not something which was not known. Therefore, it is ridiculous to say that the Government was forced to issue it or that the President was satisfied that the circumstances existed to necessitate its promulgation. What were the circumstances which were not known to the Government before? What had suddenly arisen, what emergency had arisen, what circumstances had arisen at that point of time for the Government to promulgate the Ordinance? Those circumstances have not been spelt out by the hon. Minister at all. There is no inkling in the remarks that he made to justify that there were any extraordinary circumstances. Obviously one can say that what the Minister has said is just some kind of a facade of technical simplification, using the words 'operational flexibility and functional autonomy'. The Government always says that it was is public sector undertakings, including the financial institutions, to work with utmost autonomy, but here is a confession on the part of the Minister of State for Finance as to how they have treated their institutions so far. To this Act of 1964, there was an amendment subsequently, I think a few years back. I was thinking that along with the nationalisation of banks they will just try to celebrate the 30 years of achievements of the IDBI to convince the House in what direction they want to take the country towards industrial development and in what direction they want to take the IDBI and how they are going to achieve the purposes which the Government has placed before itself. I tink this is only a misuse and abuse of the constitutional process. Somehow or other the only emergency that one can think arose was that there was again a pressure on the Government. In the IMF and World Bank meeting in Madrid there was criticism that in India the financial sector was not proceeding apace; there was not much progress in the financial sector in keeping with the so-called economic reforms and that is why to justify themselves in the eyes of the people outside that this ordinance was promulgated in the name of promoting international industrial competitiveness.

Sir, I would like to remind the House—and the Finance Minister is aware—that, after all the Narasimham Committee was set up in the year 1991 and they gave their suggestions. Did you come before this House with a plan or scheme with regard to the restructuring of the financial and banking sector, which should precede any kind of economic reforms? Why are you taking it in a piecemeal fashion under duress and under dictation? What exactly is the position?

I am not opposing the Bill on on ideological grounds. I am doing it only on pragmatic points. The Minister has used the words and I need not repeat again and again about the purposes of the Bill. He has used the words 'the principal developmental institution.' It is a principal development institution and he mentioned also the work that it is doing and it is supposed to do. How pathetic a situation is this? Well, it has been under the so-called—he has used the word—Government control; he said we are also giving functional autonomy and operational flexibility.

Sir, this is the Report of the Committee of Public Undertakings, 1992-93. The IDBI Chairman was asked: What kind of coordination will they do? How will they coordination? Sir, I am a Member of the JPC and I know, because we were told by the Finance Minister during the evidence that the IDBI was supposed to be an apex institution and it was expected also to intervene when there were such wide swings in the market

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But for certain reasons, because they might have created some other misgivings or some misunderstandings, it was not done. Now, here, when asked the Chairman of the IDBI stated in evidence: 'The coordination has definitely improved." This is what will always be said. "But I would like to think that it is still really not in a perfect order". Then he was asked as to what remedies he would suggest. I shall just read out a few remarks briefly. He says that a Standing Coordination Committee has been constituted by the Reserve Bank of India at an all India level. Then he goes on to say: "This monitoring mechanism needs to be made more effective." Everything has to be made more effective. Then he gives a second suggestion. He says the banks should ensure that their officials having knowledge of the proposals, attend the rehabilitation meetings regularly and that they are able to give decisions on the spot. They should designate a nodal official in each State, region to facilitate before going. Who is going to do it? So far you have not been able to do it. You say that it has been under your control. Then, how are you now going to ensure this? Then, it speaks of "drawing up of rehabilitation package record, sacrifice on the part of the State Government and State Government agencies. These agencies should agree to this relief within a reasonable time." This is their attitude. The Committee on Public Undertakings as long back as in 1981 or 1982 had recommended that steps taken for the rehabilitation of the sick units on an all-India basis should be reflected in the report on the development of banking in India. Although thirteen years have passed, nothing of the kind has been done. When they were asked to state the reasons thereof, the Department of Economic Affairs gave the usual reply in its evidence that the IDBI have been requested to do this. This is the pathetic condition of the coordination within the IDBI in order to accomplish the purposes for which it has been designated as the principal developmental institution. Naturally, nothing better can be expected from them when there is hardly any coordination in the Government itself.

I oppose this Bill because a convention was developing which we are all familiar with. This was an assurance given to the Members of the Standing Committees on Bills. As a Member of the Standing Committee on Finance, I thought that this is a very important matter and it ought to have come before it. But, unfortunately, this was not referred to the Finance Committee and an Ordinance was promulgated. Now, a need has arisen to convert it into a Bill. This itself shows that there has been some kind of *adhocism* so far as planning in the entire banking sector or finacial institutions is concerned. We certainly want the Governmet's stranglehold—which now they admit was there — to be lossened. We are for equity expansion and so on of the IDBI. The way the Government is relaxing the so-called control, would this amending Bill ensure in achieving the purposes for which it is being brought? The new purposes have been mentioned which were as if, not known, that is, the shrinking equity base and the need for greater equity because of the liberalisation policy I think the Minister knew it very well, since beginning of the policy, then, why didn't he come to the House directly with the Bill itself? I would like to mention that the record of the IDBI is something of a mixed affair. A number of thing have happened. The industrial development in the country, to some extent, has been helped by this principal financial institution. But the hopes which were reposed in this particular institution, I am afraid, were largely belied. Therefore, Sir, I would like

to draw your attention to some of the things which have taken place. Even in many important matters they were hardly able to fulfil the objectives which were placed before them. At first, it had been founded as an apex institution. As an apex institution, there is some pride attached to it. That is why they call it 'principal' Long back, as early as 1981-82, it was mentioned in the report of the Committee on Public Undertakings that some guidelines should be issued to the IDBI so that there might be a clearer concept of the enlarged role of the IDBI to have a greater clarity as to the effectiveness of the instrumentality to perform the large functions or achieve those objectives. It is very unfortunate that there was a long wait. It was mentioned by the Government that they were waiting for the Department of Financial Supervision to be set up. The Department of Financial Supervision has been set up. We were also assured of that in the JPC. The Department of Financial Supervision was then set up. But, later on, the reply was, "We feel that there should be 'flexibility' ". That is the word the Minister used and is using. When the Standing Finance Committee was looking into the working of the banks or when the matter of scam was before the JPC, it was found that even where clear-cut rules existed, they were not enforced Guidelines had been issued. But they were never adhered to. There was no monitoring. And now the Ministry says that this is the kind of situation requires flexibility, it will be possible to achieve everything without guidlines etc. Strangely enough, they are giving the reason that a lot of money has been locked in in the State Finance Corporations. The SIDBI is there to assist the small-scale industries. Almost six thousand crores of rupees are locked up. Hence the need for equity base. The Minister has not mentioned that there were tax benefits and exemptions to IDBI which were withdrawn in this period of liberalisation. It is not something which is unknown. The Narasimham Committee clearly said that the developmental functions and commercial aspects of the working should be split, bifurcated or divided. If you really want to run them on commercial lines, why should you not be honest about it and divide them? But unfortunately, there is so much of reservation in the Government mind that nothing of this type was done. The Committee was also informed that it was not proposed to accept that particular recommendation which would enable them to have profits from one side, the commercial aspect of it, and have the lending side to support the refinancing SFCs and so and so forth, on the other.

There was actually a very interesting discussion so far as the social obligations and the social responsibilities are concerned before the Committee. But I do not want to go into them. I only want to mention that the IDBI was asked about the Common Quality Testing Centres, a programme that was set up in 1986. It had started functioning. The IDBI was asked to assess its effectiveness. The Committee was informed that two studies had been initiated. But the outcome has not been reported so far. More than one year has passed now.

Secondly, I would like to draw your attention to another aspect of the matter. Everybody is talking about the small-scale sector, voluntary agencies and so on. The IDBI also extends assistance to voluntary agencies. Studies for evaluation were recommended so that they could be later on replicated or they might be initiated adequately in the other areas. But, unfortunately, we do

not know what the result is. That itself is something which is 3.00 P.M of great interest to the House that one year has passed and yet we do not know what has been happening to the Quality Testing Centrts. Similardy, as I have mentioned, we were told that the evaluation study of VAS for the western region was nearing completion and about the southern region, it has been completed. But what has happened to them? Is the Minister aware of these studies?

Sir, coming to the question of SFCs which is very important and in which the small people, the small-scale industries, the medium-scale industries and the State Governments are interested, always it is said that the SFCs are not functioning properly and it has been mentioned that the recovery is only to the extent of 35 per cent to 36 per cent. Now, many a time, there has been a talk of restructuring them and so on. We have been told that the IDBI has submitted an action plan in regard to the organisational aspect of the SFCs because it is said that the Government sevants are appointed to Boards, are changed frequently and so on and so forth. Everybody knows this particular prbolem. But then, unfortunately, nothing has happened so far as this action plan is concerned. All that had happened was that as early as 18th August, 1993, a meeting was called by the Secretary, Ministry of Finance where the representatives of the States as well as the representatives of the IDBI were also present. After that, a Committee had been appointed under the chairmanship of the Chairman and Managing Director of the IDBI to make a comprehensive review of the SFCs Act. While the restructuring aspect of the SFCs is under examination by the Government, the report of the Committee formed for suggesting amendments to the SFCs Act is yet awaited. Now, this is the kind of interest which is there. When will these reports and action be expendited?

Sir, I just again come to the question of assistance to the small-scale sector. It is not possible to go into the details. But I will just like to mention one single thing. These words are very often used, that is, the "single window" scheme. The scheme was started because it enables the units to obtain term loan and working capital loan from the same institution. Again, the Committee on Public Undertakings before which this matter came, suggested that we should replicate it. The question was that some sort of a new support service for providing all services at one place will be worked out which is a better scheme. Unfortunately, the decision about this so-called support scheme called Escort service, is yet to be taken. Even this report was laid on the Table of this House last year, in April, 1994 and we do "not know as to what exactly happened thereafter to that report. Similar is another question of the small-scale industries. That shows how they are coordinating and how they are helping particularly the small-scale sector, the small-scale industries. Unfortunately, as is well known it is lamented very often here that the small scale units do not get prompt payments for their products and that is why the SIDBI had set-up two factoring organisations in 1991-92 to ensure this in collaboration with the State Bank of India and the Canara Bank and we were also told that they have been able to achieve something substantial. But, unfortunately, we find that no serious effort has been made to multiply and set up these factoring organisations elsewhere in other parts of the country to help and assist the SSI units. Again, Sir, if you go through the record, if you go into the question of assistance to the backward areas, you will see that

the House and many other Committees have been saying that the IDBI should undertake a study of the net employment generated by its various schemes in backward areas and apprise them of the results. This was also a request made by the Committee on Public Undertakings. All that the Governments tells us is that the IDBI has noted it for further action. And for one year, we have not heard of it, what exactly it is doing and certainly we are interested in knowing the net employment generated through its schemes, because this is the question which we always discuss, not the employment generated from other sources. Somehow or the other, it is always noted in the reports that are placed before us.

Sir, there are a number of other issues into which one could go and I would like to mention a few of them, to show as to why this Act will not make any difference to the situation. This is also because of the tardy progress in the growth centres. This is there. That also shows the coordination that has been achieved within the SIDBI, the National Bank for Agriculture and Rural Development and Khadi and Village Industries in rural industrialisation. The whole thing is simply pathetic so far as this aspect is concerned.

I would also like to mention, Sir, that the overdues of the IDBI from the assisted units is a very important matter because we do not know what exactly the situation in this regard is. As regards units that have been assisted the percentage of recovery is only 84 p.c. despite one time settlements. Seventy seven suits were pending in various courts. And that was the year 1992. And an amount of more than Rs. 371.4 crores is locked in this. The figure has very much increased since then. And about ten to twelve years have passed in many of these proceedings. Sir, we were told that the arbitration tribunals would be appointed. We do not know what exactly the position has been, which of these cases have been settled and when and where these arbitration tribunals have been set up. As far as we know, probably ten or so were supposed to be set up, but actually, only two or three are functioning. And how many cases have gone to them? We are not yet aware of it. Sir, this is the kind of record so far as these units are concerned. And as you know, there is always a reluctance to publish the names of these big industrialists. Sir, with great fanfare, the matter about the setting-up of Agro Business Consortium was mentioned in this House in 1992 by the Finance Minister in his Budget Speech. First, we learned from the newspapers that these was a dispute, as to whether the Agro Business Consortium would be controlled by the Ministry of Agriculture or by the Planning Commission. Fortunately, that problem was solved. It is good that at least some coordination is made there. Now we understand that the Apex Policy Planning Committee for Small Farmers' Agro Business Consortium has finalised the memorandum and articles of association. But what are the results? What has happened? What has been achieved in this field? The Consortium will be set up under the Societies Registration Act. We do not know whether it has been set up or not. And the work of project preparation has been given to some consultacny organisation which will work out decision for each district in the countr. This is a very strange kind of coordination and approach to this problem.

Sir, I would also like to mention the question of rehabilitation of sick units. This rehabilitation of the sick units, whether they are in the public sector or in the private sector, is something which has been bothering us for a long time. So far as the IDBI is concerned, we do not yet know what their approach is going

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to be. We know about the stepmotherly treatment which the banking sector has been extending to the rehabilitation of public sector units. They are also part of our economic heritage. Whatever be the future of public sector units, whether they should not be wound up or not. Let a decision be taken. Wherever they have to be rehabilitated, there should be some amount of intellectual honesty and sustained effort to see that those units are quickly rehabilitated. We know about the BIFR, Board for Industrial and Financial Reconstruction. This has been discussed there. Now the BIFR complains about lack of co-operation from these financial institution including the IDBI. They complain that the BIFR is not paying the necessary attention and because of that the people suffer. We do not know what is happening to the 'Exit' policy. Of course, I find that the Economic Survey does not mention about the 'Exit' policy. It does not mention what we should do about these units, how we can help the people who will be unemployed, whether in the public sector or in the private sector, what we are going to do in this regard and what exactly the policy is. We do not know what will be the approach of the IDBI to this, with the kind of changes that are taking place. Now this rehabilitation thing only holds the mirror to the lack of effort in this direction. So far as the approach is concerned, it only hold the mirror up to the lack of thinking and co-ordination within the Government itself

Sir, I would again like to bring to your notice the kind of clarity, so far as the public sector is concerned that is necessary on the part of the Government. What their policy should be, what their approach should be, what role the Government should envisage for them, all these things are of utmost importance for the future of the economy. Sir, we found in the JPC that the people from the Ministry of Finance, the Reserve Bank of India and so on and so forth were just woebegone penitents. They were before the Committee and mentioned that certain rules had not been enforced or monitoring had not been done. We are still not clear how they are going to work in this situation. When they say that the Government control will be there, in what form will it be there? So far as the Act is concerned, you just see the Act: the number of amendments made to the principal Act is also very interesting to note. Now all that you can say is that it is a move towards privatisation. I would certainly not say that it is privatisation. As I have said, I am not opposing it on ideological grounds but on pragmatic grounds. A number of things have been said If we go by the past experience of the Government, we know how the Boards are constituted. For example, you just take section 6 of the principal Act. According to section 6 of the principad Act, the Board shall consist of the following namely, the Chairman and a Managingn Director appointed by the Central Government. We have found in the JPC and elsewhere that for years the same people have been continuing and they have not been formally appointed We know that in the House Financial Corporation there was no Chairman for a long time and we know the way Chairman was appointed. Two Directors shall be the officials of the Central Government. A number of times it has come to our notice that there should be professional people. The experience is that the Government Directors do not find time. It should be "either|or" so that if one person is not able to go, the other person could go. That kind of a provision is not there. The reports from Govt directors are not being asked for. The Government representatives were there, whether they are as the stock exchanges or whether as are the banks. But still the rules which were promulgated by the Finance Ministry and by the Reserve Bank of India were completely violated and

nothing was done. How do you think that the situation is going to improve? In the case of the Reserve Bank of India itself the Board was supposed to be appointed for five years. But another five to six years elapsed and the same Board has continuing. When the JPC met the JPC brought it to the notice of the Government. If this is the attitude, if this is the approach, I am afraid, this House will not certainly accord its concurrence and its support to this kind of a Bill providing scope for laxity.

Then comes the question of professionally qualified bank Directors. Bank Directors should be professional and knowledgeable people. But we know how only the politicians, the burnt out politicians have been appointed who were having some potential and approach. Section 7 (d) of the Bill says:

> "three directors from amongst persons having special knowledge of, and professional experience in science, technology, economics, industry, banking, industrial cooperatives, law, industrial finance, investment...."

These are the words which were used earlier also. But what kind of people have been appointed by the Government as Directors? It shows that the Government wants to adhere to the same kind of a situation. There is no improvement of any kind. I wish the Government had provided for new responsibilities to be given to the IDBI in this Bill. We have been talking about a number of things. For example, professional education is very costly. Would it be possible for the IDBI to have some kind of an educational development fund? Would they improve venture capital fund because there are a number of industries on which very little has been spent, whether it is biotechnology, or solar energy or computer technology and so on and so forth? Will this kind of a responsibility be undertaken now?

Sir, there is a need to change the procedures of loan, the way the loans are given and realised. I would like to say something about it subsequently. That is why this kind of defaults go on.

Then they talk of technical and monitoring appraisal. I am afraid, both the technical and monitoring appraisals are faulty. They are only indicative of dilatoriness and sometimes lead to outright corruption. If it was not so, the kind of defaults that have taken place would not have occurred.

Sir, the efficiency of the management is the most important thing which, unfortunately, is not there. The IDBI has created assets of over Rs. 30,000 crores. Unless the management is efficient, this vast asset, naturally, will not be optimised for the good of the people. The Government will have to keep this in view. So far as I and my party are concerned, we want that the economic reforms should really serve the needs of our country. They should, after all, be based on our own deliberate thinking. They are not dictated by the people outside. It is not that the country A becomes the dumping ground for the products elsewhere. What we need is some kind of an internal liberalisation, both vertical and horizontal. But what we find somehow or the other is that the kind of restructuring that is being done or that is being sold to us to serve the purpose of liberalisation is nothing but trying to, somehow or the other bring other forces which will fetter the economy and only forge newfetters weakening our industrial growth.

We want private initiative. Private initiative should really be much more in this particular area. I had

mentioned about assets, the economic position and the performance of the sick units. One does not get, from the IDBI, any relevant information on many vital aspects. Its annual report does not contain any detailed analysis or appraisal of these problems. It tries to conceal, despite the fact that the Government had asked the IDBI to furnish this information. Now, such a kind of approach does not behove, what is supposed to be the principal development organisation of the country. Antther thing is that, though it says that it has professionalised industrial management, unfortunately, we find, in its portfolio more than 300 sick units which are being handled by a rehabilitation Finance department of IDBI manned by about 75 officers. Actually, their research department is absolutely weak. The kind of reasons for industrial sickness that they usually give are common place. The reason that they have given is managerial inefficiency and strengely enough, so far as the boards are concerned, the representatives of the IDBI are always there. Unfortunately these kinds of problems continue to exist. I have one or two more questions to ask of the Minister of State for Finance, who is not present and who has entrusted his arduous duty to the Minister of Parliamentary Affairs, who is, of course, quite maiden in his approach, so far as understanding of this matter is concerned. I would just like to know what exactly, are the plans for diversification, so far as the IDBI is concerned. We were told that their credit rating agency has already begun its work. What exactly is it doing? It has also been said that it wants to diversify in other areas like promotion of commercial banks, share and stock broking etc. Now, is it not necessary for this House to know as to what has been the progress made in this regard? Sometime back, we were told that they are going to have some kind of a joint venture with a company in Hongkong called APAC or something of this kind. Now we do not know what exactly happened thereafter. We read in the Press that this had not worked and something had gone wrong somewhere. That is why it is very necessary to know from the Government what exactly was the scheme which the IDBI had. Now he said that certain steps by IDBI were taken to give industrial momentum. What were the steps and what was the nature of diversification need to be explained. It should also be explained whether that proposed diversification was not possible earlier, without bringing in this kind of an amendment. Sir, I understand that the IDBI also wants to go global... (*Interruptions*)

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Kindly conclude.

SHRI TRILOKI NATH CHATURVEDI: I think, I have five to ten minutes. In any case I always abide by the Chairman and paticularly, Mr. Vice-Chairman, when you are there.

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Thank you.

SHRI TRILOKI NATH CHATURVEDI: I think the Bank can do much with the industrial prowess that it possesses. I see a lot of hoardings on the road. You find its hoardings on the roads; I do not know who reads them. I have also seen one-page advertisements in magazines saying that it is the ninth biggest financial institution and all that. I am sure that this one-page advertisement must be costing lakhs and lakhs of rupees. How is it adding to the industrial growth of the country? The Bank has hired the services of a reputed international firm of consultants to advise on the precise nature of its global business and on the corporate restructuring. We really want to know which particular undertaking

has been hired, what terms of reference have been given to it and by what time it will be submitting its report. Mr. Vice-Chairman, Sir, I do not want to disobey your orders on time limit. I would only bring one thing more to your notice. For quite some time, there have been demands for improving the facilities of the banking sector and for providing more facilities to the staff. The question of satisfaction of the staff was also one of the recommendations of the Narasimham Committee What has happened to it? This is true of all the financial institutions. On the other hand, some time back, I observed in a news item, a confirmed news item, that the IDBI staff demanded a higher allocation in the allotment of shares. The IDBI staff were demanding allotment of shares in parity with the employees of the Industrial Credit and Investment Corporation because they had been allowed 2,000 shares for each person at concessional rates, but it was proposed to give 200 shares only to each of the IDBI staff. Now, why is there this kind of discrimination on the allotment of shares to the staff themselves?

Sir, I would like to submit that there are a lot of questions which remain completely open and unanswered. The background, which the hon. Minister has explained, is completely inadequate and unsatisfactory. Going by the past records of the Government, as revealed in this House as well as before certain Committees, I don't think that this Bill will provide any better kind of a device to achieve the industrial growth that we aim for in this country.

Thank you, Mr. Vice-Chairman.

SHRI SURINDER KUMAR SINGLA (Punjab): Mr. Vice-Chairman, Sir, I rise to support this Bill. The IDBI is not only a prime institution but it is also a pioneer institution in this country. It was set up to promote industrialisation in this country as well as to develop financial institutions in the States of India. I am proud to say that the IDBI has performed an extremely creditable role in its twin responsibilities

My colleague, Mr. Chaturvedi, who happened to be a Member of the JPC must have found that the IDBI was one major institution which was found totally scam-free. I was wondering as to why he did not make a mention of it while he was speaking. I wish Mr. Chaturvedi recognised this and he could have said a few good words about this national institution which has been professionally managed so well and which has really contributed in terms of phenonmenal industrialisation in this country. I don't have figures to quote. A number of industrial units, both in backward as well as developed parts of the country, have come up a very creditable way to generate new jobs and wealth. Well, as a part of the New Economic Policy, this Bill is a desirable one. This Bill is indeed necessary because I look at the New Economic Reforms and policies to bring about great times spreading prosperity for this country. I am particularly addressing this issue when industrialisation is taking place at a faster rate and at this time the Indian State has its responsibility towards its poor people. The Budget cannot support such financial institutions. The Budget money has to be spent on the poor people. I would say that the Budget has the first charge for the poor people of India re-emphasis, the first charge on the Indian Budget is for the poor people, not for the IDBI, not for industrialisation. In this context, I would say that it is most desirable that the

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IDBI, with its creditable performance, wishes to go public in order to widen its equity base. It wishes to expand its equity base and provide more funds to the backward areas. The Budget cannot help it. The Budget does not have resources to give to the IDBI.

The other part of the Bill is that it seeks to provide functional autonomy and operational flexibility. Both in the original Act by which the IDBI was established and in this, these two purposes are there. It has fully utilised them to establish its credibility. But there are certain problems and these problems are very genuine. The first major problem is that financial institutions in this country do not have low-cost funds now. This is a very serious problem because once you stop giving funds from the Budget or disallow other means of funding to the IDBI like the SLR, then you will certainly have shortage funds. It should, therefore, allow it to have access to low-cost funds from the market. In this context, I would say that it has another purpose. It is supposed to help the State Financial Corporations and the State Industrial Corporations. It is where the funds of the IDBI are locked up and they are probably to the tune of Rs. 7,000 crores. So, it is this purpose only. Now the institution is short of funds and that too of low-cost funds. If the Indian economy or the Indian industry is to be competitive globally, it has to raise its resources from the market, both from the national capital market and from the international financial market so that cheaper funds to industry can be provided. It is one of the ways. This is probably the only way by which you can widen your equity base. I say that it can raise from both the markets because the IDBI is an institution which is considered to be the tenth largest financial institution in the world. Its credit rating is extremely high in the world. Financial institutions in the international captal market are willig to lend their support to the IDBI because of its excellent credit rating. It is, therefore, clear that the IDBI has a greater role to play. Here I would like to mention a few figures. Last year, the IDBI's disbursement of funds to the Indian industry is phenomenal. It has sanctioned loans to various industries to the tune of Rs. 20,000 crores. It is not a small amount. So, my only objection is this, and, in fact, I want to ask as to why you have a 51 percentage limitation on institutions. Once these recognised institutions can really help and raise their own resources, which you are requiring to have, why would you have a restriction that an institution must have a Government equity base to the tune of 51 per cent? Why do we not further dilute so that the Government funds could be made available to other priority sectors like rural development programmes and other such programmes?

I have one or two other things to mention which really disturb me and IDBI has to take care of those sectors. For example, I refer to my own State, the State of Punjab. Punjab has suffered for the last 10 to 12 years from terrorist violence. In many industries, which the entre-preneurs had taken pains and risks to establish, suddenly the Engineer and workers were killed by the terrorist violence. Those units became sick and were not in a position to be revived Now, the IDBI has no 'venture capital' or 'risk capital' to refinance those units. I earnestly request the Minister of State — he is not present now—to take care of such units. For example, I refer to one seuch unit housed in my own district It is a very big unit. It is the only big unit that was promoted by the State Industrial Development Corporation, which again is

supported by the IDBI. It is a Rs. 300 crore-unit. It is an Indian acrylic unit. It had not yet started working when its 15 engineers were killed in the factory. It had cost over-runs, interest was adding on and this unit became non-viable. In other parts of the world, it is the State's responsibility. Here, the State could not provide sufficient law and order to protect Industrial Capital being attacked which is the responsibility of the State. The entrepreneur has nothing to do with it. Who is going to provide for cover against risks of terrorist violence in running an industry? The IDBI has no resources. So, in this context, I would suggest that the IDBI must sponsor some kind of an insurance institution which could take care of such unforseen risks which are beyond the control of an entreprenecur. It is not his fault and in such a situation the unit becomes sick. And, it is not one unit, Sir, there are a number of them. So, in order to see that these sick units do not allow to more to totally destroy the capital, I wish that the IDBI designs certain schemes so that an insurance package is available before such sick capital becomes non-usable capital tomorrow.

The other point that I want to raise is also about the State of Punjab. I brought it to the attention of the House earlier too. Punjab is primarily an agricultural State. It is struggling to industrialise itself. It can no longer keep on investing in the agicultural sector when the rate of return in the this sector is declining. Take cotton, for example, and the State of Punjab produces around 22 per cent of the total cotton produced in the entire country. But it was unfortunate that the financial institutions in the country decided—not now, but earlier—not to fund the textile industry or the spinning units or the integrated textile units or some other agro-industries as a general policy... The IDBI has a role to play in terms of promoting big industry as its original charter says. It also starts funding the State where the capital does not reach. For IDBI, I would call, Punjab is the last destination. Maharashtra and Gujarat may be its first destinations. Normally, the financial institutions give us an understanding that there are not many investment opportunities in those areas. Then what do we do? Well, it is the prime responsibility of the IDBI financial institutions to promote entrepreneurship. I would say that every State has a resource endowment of its own and it is the entrepreneur who needs to be encouraged. Unluckily, the IDBI, to some extent, when I am saying all other things, is not performing the role of an entrepreneur itself. If the IDBI is not an entrepreneur, how could one expect it to play a role of promoting entepreneurshp in the country? Well, there are certain risks involved. But, who is going to take those risks?

The third problem is not only a problem of Punjab, but also a problem of the whole country. As per the new norms for promoting entrepreneurship the promoter has to bring his larger share of capital which was not there in the beginning. In that case there will not be many people who will be able to make use of these financial institutions if they have to bring a larger capital of their own. The tragedy is that these financial institutions are again serving the large industrial houses. I am not saying that the IDBI and other financial institutions are meant to serve the big industrial activity and the big industrial activity is actually in the hands of big industrial houses. I am not objecting to that. I am simply saying that the new entrepreneur will not have the Indian capital market available because it does not have a name too. Its shares will not be sold. Except the IDBI-funded institutions in the State, it will not have the support of any other financial institutions. So, where do they go? So, the point

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which I am making is that the financial institutions like the IDBI should really devise two norms, one for large industrial houses where they can say, "Let their permitted share capital be 40—50 per cent" and the other capital they can raise from the Indian market, and the other for the smaller people for the new entrepreneurs who do not have the capital to industrialise, but how are new ones and who want to really contribute to India's advancement as they have talent, technical knowhow, research and development with them, but lack funds. So, in that context, if the new entrepreneur's share in the promotion of capital is lowered then it would be difficult. I am aware that they have limited resources—a lot of them have limited resources. As I am saying, they have a large market, both international and national, of capital funds available to them. They will have funds. but I am looking at it from another angle. Earlier there was a benefit available to the IDBI in terms of tax concessions. Now, with the new Liberalisation Policy this benefit is withdrawn .I would ask the Minister of Finance to examine it when he considers that this is a prime institution. Sir, it has an established and leading role in promoting the industry to restore the income-tax benefits to the financial institutions.

Lastly, I am happy to say that we have studied most of the financial institutions, particularly the banks whose NPA i.e., average Non-Performing Assets is to the tune of 32 per cent. But in the case of IDBI, it is 8 per cent. Bad debt comes to 1—2 per cent. So, I do not agree with my friend, Shri Chaturvedi, who is ready to disclose names of the defaulting industrialists. I think, they are not many and need not be disclosed. So, again, I plead the case of my State of Punjab, which is industrially backward. It is the last destination for the industrial house to reach. With the new economy policy, Punjab has not received massive investments as Maharashtra and Gujarat did.

I am not a chauvinist saying so. Despite the fact that the Punjab entreprenuers are known all over the world, it has not been able to attract investments. I would like to say that the priorities of lending of these financial institutions have to be directed towards disbursement to those areas where these are industrially backwards. How will you disburse? Unless you have a total commitment to the backward areas it is not possible. It is not really meant for the States that are industrialised already. In fact, there is a point to disperse industries from one State to the other. For example, Bihar has got many central public sector undertakings. Not even a single central public sector undertaking is there in Punjab nor do we have the financial institutions supporting the private sector's attempts to industrialise the State Till date the State remains an unindustrialised State in many ways. Of course, we have small-scale industries which contribute massively both in terms of job Generation and also in terms of a larger share of income through exports in this country. I appeal to the Minister of State, who is present here, to take note of Punjab which is still industrially backward in the context of other States like Maharashtra, Gujarat or Bihar. Would you make special efforts to prioritise your lending operations in Punjab as in other States? Every State gets a certain share of industrial income. 85 per cent of Punjab's income comes from agriculture and not from industry. Sir, please do not allow Punjab's

entrepreneurs be let down by the financial institutions. I hope the Minister will assure the House about the disbursement of loans. It is not merely the functioning of investment opportunities or investment priorities, but it is towards the basic needs of the State, Mr. Vice-Chairman, Sir, it may be the same with your State also where you may not find a lot of investment opportunities. Bank's funds do create investment opportunities and generate jobs and income in those States. That is the primary function of these institutions.

Lastely, I am not aware as to what is the policy. I would like the Minister to explain in his reply as to what is the policy of the financial institutions when certain companies are being taken over by certain houses, whether you support the merger, whether you support the takeover. What is the standing policy of the financial institutions? For example, there is a familiar case which I want to quote where the V. P. Singh Government acted differently and that was the case of the L&T where a particular industrial group purchased the securities but later on the shares were sold back to the financial institutions. But in certain other cases you do differently. What is your policy? That is what I am interested to know. My view is, if you are entering into a free market economy where trading of shares can be done in total freedom, the financial institutions should not play a role in terms of determining the ownership of a company. It is the shareholders who shoudd decide. That sort of a policy in general I am talking about. But why do the financial institutions stick to this kind of a policy? My personal view is that if the L&T had been taken over by company groups like Reliance, the L&T would have been a company of Rs. 10,000 crores rather than of Rs. 3,000 crores as it is today. When the company was taken over by them Rs. 800 crores were raised by the Reliance Group of Companies and the company has grown massively to the tune of Rs. 3,000 crores today. Why would you not allow that company to grow? What was in the way that you stopped? The theory you are talking about is that the company was professionally managed. It is fashionable to say that the company is professionally managed. The companies which are professionally managed are not risk takers. No professionally managed company can grow. It is the enterpreneurship that makes any company run or grow. No professionally managed company has really taken note of it. A professional managed company can take some kind of a manager's decision because he is trained to be a manager. So, if you had allowed an enterpreneur to take over the company then the company would have grown four times more than what it is today. It would have created jobs and it would have created more income and more wealth. It would have become a maravalleous company like their multinational companies which have taken over other companies in the world. So, Mr. Minister, I really want to know as to what is the policy. What is the standing policy of the Government? Sometimes the

Government wants to interfere and sometimes it does not want to interfere. What for is your total policy, the total liberalisation policy? Let there be free trading of shares in the market. That is what I want to know.

Lastly, I commend this Bill for the reasons that I have stated earlier. It will open a large financial market to fund various industrial projects all over the country. Thank you very much, Sir.

SHRI S. VIDUTHALAI VIRUMBI (Tamil Nadu): Mr. Vice-Chairman, Sir, I stand to oppose this Bill tooth and nail. Sir, the Industrial Development Bank of India Bill may be part and parcel of the policy pursued against the wishes of Indira Gandhi, that is, our late lamented Prime Minister. Maybe, they are pursuing the policy that is insisted upon and stipulated by the World bank in their report called "The India and Industrialising Economy in Transition", published in the month of February 1990 in which they stipulated some conditions to the Government of India. The Government of India, without disclosing these facts, have succumbed to the pressure exerted by the World Bank. That is the real fact. Now, I am opposing in there forms| Number one, as far as the policy is concerned. Number two, the way in which the Bill has been brought before this House. Number three the contents in the Bill. Sir, it is also a policy of privatisation under whch one of the hon. friends on the other side said, we want more funds to help industrialiists, we want more fund; to some business with IDBI. That is what he said. When we are not able to get it at low interest rates, then we may have to go in for commercial borrowing. In that case you may have to pay more interest. Then it is not viable for IDBI. Therefore, they have opted for changes in the equity. Sir, what I feel is that more than Rs. 36,000 crores have been locked up in banks —that is the amount taken from the banks by the industrialists and not paid at all. This Rs. 36,000 crores is what I say. Even after having this amount of Rs. 36,000 crores you are going to privatise the IDBI. Now you are going to take more than Rs. ,200 crores. What I feel is that 25 per cent of the shares is going to be announced to the public at a rate of Rs. 130 per share; when you leave Rs. 10|- for face value, Rs. 120 is the premium. According to that I think you are asking for Rs. 2.200 crores. Then you should change your policy. That is what I feel. In case you collect 10 per cent of the amount due from the industrialists, that comes to Rs. 3.600 crores. Why do you want to go is for privatisation. Therefore, the argument put forth by the hon. Member does not hold good. He wants to support the policy already taken or he wants to justify the policy taken by the Treasury Benches. Therefore, I oppose first, the policy you are pursuisg; next the way you have gone about. You have said that you had issued

an ordinance, and to issue an ordinance you have gives some reasons. What is the reason you have given there? Just find out whether it is fair, whether that argument stands. "In order to enable te IDBI to make its refinance for operations to SFC, it has become essential to re-structure the IDBI. The re-structuring of IDBI would provide a greater functional economy or operational flexibility and consequent ability to respond to the needs of the fast changing financial system. This would also enable the IDBI to enlarge its shareholders' grade and access the capital market for resources and create a more level playing field for similar financial institutions. As Parliament was not in session, the President promulgated the Industrial Development Bank of India Ordinance 1994 on 12 October, 1994." I want to say: Is this operational flexibility and functonal autonomy or to have to market rate? What is the necessary to promulgate an Ordinance in the intersession period. Can't he bring the Bill here, as it is, straightway? Why have you brought this promulgated ordinance? First you want to promulgate an ordinance then you want to bring the Bill htre. To make it a *fait accompli*? You have passed the ordinance. The ordinance was not at all necessary. It was an unwarranted thing. Then, Sir, as far as the Bill is concerned, there are so many lacunae. One thing I agree, the Narasimham Committee wanted to bifurcate thing. Even from the BJP side also they have supported it. But I am not for that When they are giving for refinance, they are giving finance at 3 per cent less than the usual market rate

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When it is so, the loss occurring through refinance has to be offset by the commercial business. Therefore, I feel that commercial business and refinancing should go hand in hand. Therefore, the Narasimham Committee Report does not hold good. I am not recommending that.

Sir, the difference between the amount sanctioned and the amount disbursed is a important issue. Sir, I may bring to your notice the figures for the last four or five years. Sir, in 1989-90, the amount sanctioned was Rs. 7,564 crores and the amount disbursed was Rs. 4,876 crores. The undisbursed amount was Rs. 2,688 crores which is 35.5 per cent of the sanctioned amount. Sir, in 1990-91, the amount sanctioned was Rs. 6397 crores and the amount disbursed was Rs. 4,459 crores. The undisbursed amount was Rs. 2,438 crores which is 35.3 per cent of the sanctioned amount. In 1991-92, the sanctioned amount was Rs. 7,640 crores and the disbursed amount was Rs.5,763 crores. The undisbursed amount was Rs. 1,877 crores which is 24.5 per cent of the sanctioned amount. In 1992-93, the sanctioned amount was Rs. 5,842 crores and the actual amount disbursed was Rs. 4,808 crores. In 1993-94, the sanctioned amount was Rs. 7,937 crores and the disbursed amount was Rs. 5,766 crores. When 25 to 35 per cent of the sanctioned amount has not been disbursed what is the reply we are gettting from the Government officials? They say that the sanctioned amount is the overall amount for a project. But when they are disbursing the amount, it is according to the project. according to the implementation of the project. If that argument holds goods, then what I feel is that over the years, automatically the gap between the sanctioned amount and the disbursed amount ought to have narrowed down. When it has not narrowed down, that clearly shows that there are some inherent deficiencies in the administration of IDBI. Therefore, I want a categorical answer from the hon. Minister as to how this gap is widening every year.

Sir, as far as the SSI units are concerned, the assistance provided to the

SSI units by the IDBI, when compared to the total production made by the SSI units, is less than 10 per cent. Sir, one I raised a question here regarding the volume of exports by the large-scale industries and that of the SSI units. I asked: How much is the volume of exports by the large-scale units and how much percentage does it constitute of the total exports? Sir, the Government was not able to provide any answer. I know that the Government has got the answer, but they do not want to provide it to the public, to the nation. Sir, when it was found that the financial assistance provide by the IDBI to SSI units was less than 10 per cent, they thought of establishing a separate bank for the SSI units, and the SIDBI came into existence. Even after the coming into existence of the SIDBI, in two years, i.e. 1990-91 and 1991-92, out of the sanctioned amount of Rs. 5,307 crores, only an amount of Rs. 3,865 crores was disbursed. Therefore, I feel that this Government is biased against the SSI units.

Sir, regarding the SSI units, a Committee was constituted and that was chaired by Mr. P. R. Nayak. That Committee has given some recommendations: One was regarding the institutional credit. The second was that the norms set by the Tandon Committee had to be changed or modified. They said that the Tandon Committee Report should be reviewed. That was the second recommendation made by the Nayak Committee. The third recommendation was about the RBI guidelines regarding the rehabilitation of SSI units. The Nayak Committee made these three important recommendations. I want to know what action the Government has taken or proposes to take about the recommendations made by the Nayak Committee.

Then, Sir, there is the minimal rate of interest for rural artisans. The Government has not looked into that. When the people from the villages want loans of below Rs. 25,000, it is very difficult to obtain the loans. Once they are getting it,

it is very difficult to get the full amount. They have to part with something due to corruption. As far as the minimal rate of interest for rural artisans is concerned, the Government should go into it, and the norms for getting the loans should also be reviewed. Then, there is the Single-Window Scheme. As far as this Single-Window Scheme is concerned, the Government thinks that if the term finance and working capital are provided at one place, it would be all right. It is not so. For this purpose, comprehensive measures have to be taken. The Central Government cannot take unilateral decisions in this regard.

Then, in case of the State Financial Corporations, where the rate of recovery is between 35 and 40 per cent, the Government thinks that so far as the nominated directors are concerned, if they have outside professionals, it would serve our purpose. I say that it is not just that. This is a policy issue on which a decision cannot be taken by the Central Government unilaterally.

Another thing is that there is no coordination between the techno-consultancy wing and the quality testing centres. We should see that these two organisations co-operate with each other.

I would say that in regard to the Single-Window Scheme and the question of nominated directors, the Central Government should take decisions in consultation with the States.

I now come to the issue of Board of Directors

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Mr. Viduthalai Virumbi, you have to conclude now.

SHRI S. VIDUTHALAI VIRUMBI: Please allow me a few more minutes, Sir. I hope you would be generous today.

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): The time allotted to your party is over. How can I allow you? You have to conclude now.

SHRI S. VIDUTHALAI VIRUMBI: I am concluding, Sir.

It is said here in clause 6 —amendment of section 5—"(1) The general superintendence, direction and management of the affairs and business of the Development Bank shall vest in a Board of Directors which may exercise all powers..." But my point here is that there are no guidelines. I think some broad guidelines have to be established. This was actually recommended by the Public Accounts Committee as far back as in 1980. More than fifteen years have gone by now, but no broad guidelines have been framed so far.

I would like to caution that without any broad guidelines, if we give these types of powers to the Board of Directors, the same thing which had happened before the nationalisation of banks would be repeated. This is what I think. The implied meaning of this argument, the implied meaning of this charge, is that the people who are going to sit as directors on the Board would see that the companies with which they are connected get more aid and help from the I.D.B.I. There is no provision in this Bill to protect the public money from being swindled by the directors. There is no provision.

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Mr. Virumbi, you have to conclude now.

SHRI S. VIDUTHALAI VIRUMBI: Last but one point, Sir.

SHRI S. S. AHLUWALIA (Bihar): Mr. Virumbi, why are you taking Jayalalitha's time?

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Kindly conclude, Mr. Virumbi.

SHRI S. VIDUTHALAI VIRUMBI: I would now like to refer to clause 18—amendment of section 23. It says: "(1) The accounts of the Development Bank shall be audited by auditors duly qualified to act as auditors under sub-section (1) of section 226 of the Companies Act, 1956, who shall be appointed by the Development Bank in general meeting of the shareholders out of the panel of auditors approved by the Reserve Bank for such term and on such remuneration as the Reserve Bank may fix;"

The Government says that the auditors would be appointed out of the panel of auditors approved by the Reserve Bank of India. The same thing was done in the case of appointment of auditors for the nationalised banks. But we know how Harshad Mehta was abde to indulge in fraud

of such a magnitude. When this is the case, what is the guarantee that the auditors who are going to be appointed in this manner are going to protect the public money? There is no provision in this amending Bill to ensure such a thing.

Before concluding, I would like to give an example concerning Tamil Nadu. The Planning Commission has said in regard to Tamil Nadu that though the number of companies has increased during the last two-three years, the number of employees has come down. This is the comment made by the Planning Commission. I agree that it is not only I.D.B.I. which is concerned with this. The State Governments have also to no-operate. I agree. In this connection, I would like to draw the attention of the House that when the D.M.K. Party was in power, under the leadership of Dr. Kalaignar, we adopted a policy that there would be one industry every month. This was our policy and we had implemented it. We had set up one industry every month. Had we been allowed to continue in office, we would have been able to set up more industries. This could not happen because of the decision taken by the...

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Mr. Virumbi, I would not allow you any more. Please conclude.

SHRI S. VIDUTHALAI VIRUMBI: I know, Sir. I am concuding. When I was in Arakkonam a few days ago my partymen showed an industry which was actually set up when Dr Kalaignar was the Chief Minister

THE VICE-CHAIRMAN (SHRI V NARAYANASAMY): Kindly conclu de.

SHRI S. VIDUTHALAI VIRUMBI Yes Sir, I am going to conclude.

First of all, the policy of privatiz ation itself is not for the reason whic you have mentioned in the Bill. Th reasons are different. That is No. Number 2: The way in which th Bill is drafted is totally wron Number 3: The clauses which a given in the Bill are not comprehe sive.

Now, the IDBI is going to take some sort of joint ventures with sor Hong Kong firms. Now the Ho Kong people are coming. The Brit people have gone away. But the Ho Kong people will come here and here. Then we have to wage a th war of independence. The first v we had waged against the British p ple, and the second war we had wage against the Emergency. T we have to wage the third war a inst the multinationals.

With these words, Sir, I thank :

THE VICE-CHAIRMAN (SHRI NARAYANASAMY): Now, furt discussion on the Statutory Reso tion and the Bill will be taken on Monday. Now we will take Special Mentions.